

116TH CONGRESS
1ST SESSION

S. 2073

To address fees erroneously collected by Department of Veterans Affairs
for housing loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 10, 2019

Mr. BOOZMAN (for himself and Mr. TESTER) introduced the following bill;
which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To address fees erroneously collected by Department of
Veterans Affairs for housing loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FEES ERRONEOUSLY COLLECTED BY DEPART-**
4 **MENT OF VETERANS AFFAIRS FOR HOUSING**
5 **LOANS.**

6 (a) FINDINGS.—Congress makes the following find-
7 ings:

8 (1) The Department of Veterans Affairs offers
9 a Department-backed home loan for which veterans

1 are generally required to pay fees to defray the cost
2 of administering the home loan.

3 (2) Veterans are exempt from paying the fees
4 if they are entitled to receive disability compensation
5 from the Department of Veterans Affairs.

6 (3) Between January 1, 2012, and December
7 31, 2017, veterans paid fees of more than
8 \$286,000,000 in association with Department-
9 backed home loans despite being exempt from such
10 fees. Fees paid included \$65,800,000 in fees that
11 could have been avoided.

12 (4) Of those erroneously paid fees,
13 \$189,000,000 in fee refunds are still due to vet-
14 erans.

15 (5) More than 70,000 veterans may have been
16 affected by these erroneously paid fees.

17 (b) PLAN TO IDENTIFY INDIVIDUALS WHO WERE
18 ERRONEOUSLY CHARGED FEES.—

19 (1) ERRONEOUS CHARGES JANUARY 1, 2012, TO
20 DECEMBER 31, 2017.—

21 (A) IN GENERAL.—Not later than 90 days
22 after the date of the enactment of this Act, the
23 Secretary of Veterans Affairs shall submit to
24 Congress a plan to identify individuals de-
25 scribed in subsection (c)(1) of section 3729 of

1 title 38, United States Code, from whom a fee
2 was collected under such section during the pe-
3 riod beginning on January 1, 2012, and ending
4 on December 31, 2017.

5 (B) CONTENTS.—The plan submitted
6 under paragraph (1) shall include the following:

7 (i) The number of individuals who
8 may be due a refund of the fee.

9 (ii) A timeline for the refunding of
10 fees.

11 (2) ERRONEOUS CHARGES BEFORE JANUARY 1,
12 2012.—

13 (A) IN GENERAL.—Not later than 180
14 days after the date of the enactment of this
15 Act, the Secretary of Veterans Affairs shall
16 submit to Congress a plan to identify individ-
17 uals described in subsection (c)(1) of section
18 3729 of title 38, United States Code, from
19 whom a fee was collected under such section be-
20 fore January 1, 2012.

21 (B) CONTENTS.—The plan submitted
22 under paragraph (1) shall include the following:

23 (i) The number of individuals who
24 may be due a refund of the fee.

1 (ii) A timeline for the refunding of
2 fees.

3 (c) AUTOMATED REFUND PROCESS.—

4 (1) IN GENERAL.—The Secretary shall develop
5 an automated process for refunding fees collected
6 under section 3729 of title 38, United States Code,
7 from individuals described in subsection (c)(1) of
8 such section.

9 (2) PROHIBITION.—For any individual identi-
10 fied under the process developed under paragraph
11 (1), the Secretary shall process the refund without
12 requiring further request.

13 (d) PLAN TO PROCESS REFUNDS.—Not later than
14 90 days after the date of the enactment of this Act, the
15 Secretary shall develop a plan to process refunds of fees
16 that were collected under section 3729 of title 38, United
17 States Code, from individuals described in subsection
18 (c)(1) of such section.

19 (e) ANNUAL REPORT ON REFUNDS.—

20 (1) IN GENERAL.—Not less frequently than
21 once each year, the Secretary shall submit to Con-
22 gress an annual report on refunds of fees collected
23 under section 3729 of title 38, United States Code.

1 (2) CONTENTS.—Each report submitted under
2 paragraph (1) shall include, for the period covered
3 by the report:

4 (A) The number of fees collected under
5 such section that were refunded and applied to
6 a home loan balance.

7 (B) The number of such refunds for which
8 the Secretary received documentation of the ap-
9 plication of a refund to a home loan balance.

10 (f) ACCURACY OF CERTIFICATES OF ELIGIBILITY.—

11 (1) IN GENERAL.—The Secretary shall update
12 such policies as may be necessary to ensure that cer-
13 tificates of eligibility are accurate at the time they
14 are used for the purposes of determining eligibility
15 for housing loans guaranteed, insured, or made
16 under chapter 37 of title 38, United States Code,
17 and for pursues of determining eligibility for exemp-
18 tion from the collection of fees under section 3729
19 of such title.

20 (2) REPORT.—Not later than 180 days after
21 the date of the enactment of this Act, the Secretary
22 shall submit to Congress a report on the solution de-
23 veloped under paragraph (1).

24 (g) MANNER OF REFUNDS.—In the case of a fee that
25 was erroneously collected under section 3729 of title 38,

1 United States Code, from an individual described in sub-
 2 section (c) of such section, the Secretary may refund the
 3 fee directly to the individual, notwithstanding any current
 4 loan balance of the individual or the manner in which the
 5 fee was originally collected.

6 (h) REFUNDS GENERALLY.—Section 3729(c) of title
 7 38, United States Code, is amended by adding at the end
 8 the following new paragraph:

9 “(3)(A) The Secretary shall develop a process for de-
 10 termining whether a fee has been collected under this sec-
 11 tion from an individual described in paragraph (1).

12 “(B) If the Secretary determines that such a fee has
 13 been collected under this section from an individual de-
 14 scribed in paragraph (1), the Secretary shall pay to such
 15 individual an amount equal to the amount of the fee col-
 16 lected.

17 “(C) Notwithstanding any other provision of law, a
 18 payment under this paragraph shall not be subject to Fed-
 19 eral, State, or other tax liability or reporting require-
 20 ment.”.

21 (i) AUDIT PLAN.—

22 (1) PLAN REQUIRED.—The Secretary shall de-
 23 velop a plan to audit the Department on an annual
 24 basis to determine the rate at which fees are erro-

1 neously collected under section 3729 of title 38,
2 United States Code.

3 (2) REPORTS.—Not later than 60 days after
4 the completion of any audit conducted pursuant to
5 the plan developed under paragraph (1), the Sec-
6 retary shall submit to Congress a report on the find-
7 ings of the Secretary with respect to the audit.

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